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GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Financial Reports

December 31, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-18-01

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Financial Reports

December 31, 2000

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5779 HWY 311
P. O. BOX 3695
HOUMA, LOUISIANA 70361-3695
TELEPHONE (985) 851-0883
FAX (985) 851-3014

Bergeron & Lanaux

— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MICHAEL D. BERGERON, CPA
MARK S. FELGER, CPA

CLAUDE E. BERGERON, CPA
(RETIRED)

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the accompanying general purpose financial statements of the Greater Lafourche Port Commission, as of and for the year ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Greater Lafourche Port Commission as of December 31, 2000 and 1999 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As disclosed in Note 15 to the financial statements, the Commission changed its financial reporting format during 1999.

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 2001 on our consideration of the Greater Lafourche Port Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Supplementary Information Section in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Greater Lafourche Port Commission.

Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

June 11, 2001

Bergeron & Lanany

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
BALANCE SHEETS
ENTERPRISE FUND
December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,733,944	\$ 4,746,537
Investments, at market value	1,507,145	1,557,600
Receivables:		
Grants receivable from other government units	787,293	1,550,016
Ad valorem taxes	1,115,460	938,288
Lease rentals	53,897	33,308
State revenue sharing	23,467	35,100
Accrued interest	16,958	19,694
Other	13,520	-
Prepaid lease expense	8,504	84,301
Prepaid insurance	33,738	22,912
Prepaid port maintenance	<u>1,343,500</u>	<u>-</u>
Total current assets	<u>11,637,426</u>	<u>8,987,756</u>
RESTRICTED ASSETS		
Cash	<u>980,878</u>	<u>936,640</u>
Total restricted cash	<u>980,878</u>	<u>936,640</u>
FIXED ASSETS		
Property, plant, and equipment	44,882,086	37,193,466
Less accumulated depreciation	<u>(7,736,848)</u>	<u>(6,727,198)</u>
Fixed asset, net	<u>37,145,238</u>	<u>30,466,268</u>
Total assets	<u><u>\$ 49,763,542</u></u>	<u><u>\$ 40,390,664</u></u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
BALANCE SHEETS, CONTINUED
ENTERPRISE FUND
December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 832,758	\$ 2,141,165
Interest payable	63,907	75,232
Deferred revenue:		
Advance payment of leases	8,285,307	2,305,992
Unearned grant advances	-	1,158,598
Current maturities of long-term debt	535,000	500,000
Other current liabilities	<u>34,753</u>	<u>1,417,690</u>
Total current liabilities	<u>9,751,725</u>	<u>7,598,677</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	2,700,000	3,235,000
Compensated absences	<u>73,355</u>	<u>66,794</u>
Total long-term liabilities	<u>2,773,355</u>	<u>3,301,794</u>
Total liabilities	<u>12,525,080</u>	<u>10,900,471</u>
EQUITY		
Contributed capital	<u>19,297,919</u>	<u>15,349,332</u>
Retained earnings:		
Reserved	980,878	936,640
Unreserved	<u>16,959,665</u>	<u>13,204,221</u>
Total retained earnings	<u>17,940,543</u>	<u>14,140,861</u>
Total equity	<u>37,238,462</u>	<u>29,490,193</u>
Total liabilities and equity	<u>\$ 49,763,542</u>	<u>\$ 40,390,664</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN EQUITY
ENTERPRISE FUND
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Port lease rentals	\$ 5,947,999	\$ 4,987,158
Loading dock fees	78,129	52,138
Utility sales	14,236	13,412
Litigation, claims & settlements	401,955	-
Other	117,955	22,864
Total operating revenue	<u>6,560,274</u>	<u>5,075,572</u>
Operating expenses:		
Personnel services	1,253,789	1,170,434
Maintenance, supplies, and operation of facilities	2,105,584	2,853,388
Lease expense - Port Fourchon	726,487	586,817
Other operating expense	332,251	403,527
Depreciation and amortization	1,109,616	898,801
Total operating expenses	<u>5,527,727</u>	<u>5,912,967</u>
Operating income (loss)	<u>1,032,547</u>	<u>(837,395)</u>
Nonoperating revenues (expenses):		
Ad valorem taxes (net of tax assessor's settlement and pension fund)	1,143,651	938,369
Intergovernmental revenue:		
State revenue sharing	35,200	44,176
Noncapital grants	2,533,942	2,603,967
Investment income	348,533	289,832
Interest expense	(64,203)	(243,351)
Hurricane damage repairs	(1,760,107)	(1,520,462)
Gain (loss) on disposal of fixed assets	1,826	(1,179)
Net nonoperating revenues	<u>2,238,842</u>	<u>2,111,352</u>
Net income	3,271,389	1,273,957
Add depreciation on fixed assets acquired with federal and state grants	<u>528,293</u>	<u>435,476</u>
Increase in retained earnings	3,799,682	1,709,433

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN EQUITY, CONTINUED
ENTERPRISE FUND
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Retained earnings - beginning of year	<u>14,140,861</u>	<u>12,431,428</u>
Retained earnings - end of year	<u>17,940,543</u>	<u>14,140,861</u>
Contributed capital - beginning of year	15,349,332	10,350,160
Add capital grants	4,476,880	5,434,648
Less depreciation	<u>(528,293)</u>	<u>(435,476)</u>
Contributed capital - end of year	<u>19,297,919</u>	<u>15,349,332</u>
Equity - end of year	<u><u>\$ 37,238,462</u></u>	<u><u>\$ 29,490,193</u></u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN EQUITY - BUDGET AND ACTUAL
ENTERPRISE FUND
Year Ended December 31, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Port lease rentals	\$ 6,000,000	\$ 5,947,999	\$ (52,001)
Loading dock fees	50,000	78,129	28,129
Utility sales	15,000	14,236	(764)
Litigation, claims & settlements	-	401,955	401,955
Other	22,000	117,955	95,955
Total operating revenue	<u>6,087,000</u>	<u>6,560,274</u>	<u>473,274</u>
Operating expenses:			
Personnel services	1,284,000	1,253,789	30,211
Maintenance, supplies, and operation of facilities	3,753,465	2,105,584	1,647,881
Lease expense - Port Fourchon	750,000	726,487	23,513
Other operating expense	367,400	332,251	35,149
Depreciation and amortization	1,150,000	1,109,616	40,384
Total operating expenses	<u>7,304,865</u>	<u>5,527,727</u>	<u>1,777,138</u>
Operating (loss)	<u>(1,217,865)</u>	<u>1,032,547</u>	<u>2,250,412</u>
Nonoperating revenues (expenses):			
Ad valorem taxes (net of tax assessor's settlement and pension fund)	878,000	1,143,651	265,651
Intergovernmental revenue:			
State revenue sharing	45,000	35,200	(9,800)
Noncapital grants	3,252,733	2,533,942	(718,791)
Investment income	160,000	348,533	188,533
Interest expense	(225,500)	(64,203)	161,297
Hurricane damage repairs	(1,760,107)	(1,760,107)	-
Gain (loss) on disposal of fixed assets	-	1,826	1,826
Net nonoperating revenues	<u>2,350,126</u>	<u>2,238,842</u>	<u>(111,284)</u>
Net income	<u>\$ 1,132,261</u>	<u>3,271,389</u>	<u>\$ 2,139,128</u>
Add depreciation on fixed assets acquired with federal and state grants		<u>528,293</u>	
Increase in retained earnings		<u>3,799,682</u>	
Retained earnings - beginning of year		<u>14,140,861</u>	
Retained earnings - end of year		<u>17,940,543</u>	
Contributed capital - beginning of year		15,349,332	
Add capital grants		4,476,880	
Less depreciation		<u>(528,293)</u>	
Contributed capital - end of year		<u>19,297,919</u>	
Equity - end of year		<u>\$ 37,238,462</u>	

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA
STATEMENTS OF CASH FLOWS - ENTERPRISE FUND

Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,032,547	\$ (837,395)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,109,616	898,801
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	(20,589)	4,125
(Increase) decrease in prepaid expenses and other assets	(1,278,529)	(19,286)
Increase (decrease) in accounts payable and accrued expenses	(744,869)	394,645
Increase (decrease) in advance payment of leases	4,820,717	1,990,072
Increase (decrease) in miscellaneous receivables	(13,520)	-
Total adjustments	<u>3,872,826</u>	<u>3,268,357</u>
Net cash provided by operating activities	<u>4,905,373</u>	<u>2,430,962</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax receipts collected by other governments	198,648	899,201
Operating subsidies received from other governments	966,479	1,315,112
Payments for hurricane damage repair	<u>(1,833,181)</u>	<u>(1,447,388)</u>
Net cash provided by (used in) noncapital financing activities	<u>(668,054)</u>	<u>766,925</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants collected	7,621,730	6,780,896
Payments for capital acquisitions	(9,662,826)	(8,770,611)
Principal repayments on long-term debt	(500,000)	(465,000)
Interest paid net of interest capitalized	<u>(75,528)</u>	<u>(252,093)</u>
Net cash (used in) capital and related financing activities	<u>(2,616,624)</u>	<u>(2,706,808)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	9,226	-
Proceeds from sale and maturities of investments	274,924	4,546,043
Receipts of interest	225,304	215,971
Purchases of investments	<u>(98,504)</u>	<u>(4,002,667)</u>
Net cash provided by investing activities	<u>410,950</u>	<u>759,347</u>
 Net change in cash and cash equivalents	 2,031,645	 1,250,426
Cash and cash equivalents:		
Beginning of the year	<u>5,683,177</u>	<u>4,432,751</u>
End of the year	<u><u>\$ 7,714,822</u></u>	<u><u>\$ 5,683,177</u></u>

See notes to financial statements.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements

1) Summary of Significant Accounting Policies

The financial statements of the Greater Lafourche Port Commission (Commission) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

- a) Reporting Entity. The Greater Lafourche Port Commission (Commission) was created under Louisiana Revised Statute 34:1651 with a nine member board elected for a term of six (6) years. The Commission has been empowered to regulate the commerce and traffic within the port area; to promote commerce within the area through the construction, acquisition and maintenance of wharves, docks, sheds, landings and waterways; to provide police protection and services for its facilities; and to lease its facilities to all types of commercial transportation, storage, and shipping industries.

This report includes all funds which are controlled by the Commission. The Commission is financially independent and is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Commission.

- b) Fund Accounting. The Greater Lafourche Port Commission uses a proprietary fund to report on its financial position and results of operations. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for by an enterprise fund type of the proprietary fund. The Commission is accounted for as an enterprise fund.
- c) Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Commission's financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Greater Lafourche Port Commission has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- d) Budgetary Accounting. Budgetary practices include public notice of the proposed notice of the proposed budgets, public inspection of the proposed budget and public hearings on the budgets. Budgets are prepared based on a flow of economic resources measurement focus as explained in note 1(c) above. Budgetary control is exercised at the fund level.

State law provides that when actual revenues within certain funds are failing to meet estimated annual budgeted revenues, and/or actual expenditures within certain funds are exceeding estimated budgeted expenditures by five percent or more, a budget amendment shall be adopted by the board in an open meeting.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Budgeted amounts included in the accompanying financial statements include original adopted budget amounts and all subsequent amendments. Amendments to the budget must be approved by the Board of Commissioners. Budget amounts which are not expended lapse at year end.

Encumbrance accounting is not utilized by the Commission.

- e) Cash, Cash Equivalents and Investments. Cash and cash equivalents include amounts in demand deposit accounts, money market accounts and investments in the Louisiana Asset Management Pool (LAMP).

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the Commission to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Commission to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with state statutes and those adopted by the Board of Commissioners.

Investments are stated at market value. Increases or decreases in the market value of investments are included as a component of investment income.

- f) Receivables. All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- g) Prepaid Expenses. Payments made to vendors for services that will benefit periods beyond the current period are recorded as prepaid expenses.
- h) Restricted Assets. Certain resources are set aside for repayment of revenue bonds and general obligation bonds and for additions, extensions and improvements to Commission facilities. These resources are classified as restricted assets on the balance sheet because their use is limited by applicable covenants.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

- i) Fixed Assets. Property constructed or acquired by purchase is stated at cost or estimated historical cost if actual historical cost is not available. Net interest costs are capitalized on major construction projects during the construction period. During the year ended December 31, 2000, total interest incurred was \$214,203 of which \$150,000 was capitalized. Donated assets are valued at estimated fair value at the time of donation. Infrastructure assets are not capitalized.

The costs of normal maintenance, dredging and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of related fixed assets, as applicable.

Depreciation is computed using the straight-line method over the following useful lives:

Buildings and marine construction	10 to 40 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 20 years

- j) Interest receivable. Interest receivable on time deposits is recorded as revenue in the year the interest is earned.
- k) Ad Valorem Taxes and Revenue Sharing. Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed except for taxes paid under protest which are recorded in the year available. Delinquent taxes considered to be uncollectible are not recorded as revenues, consequently, no allowance for uncollectible taxes is considered necessary.

Ad valorem taxes are assessed on a calendar year basis, become due November 15th of each year and become delinquent on December 31st. The taxes are generally collected in December of the current year.

The Commission's authorized and levied ad valorem tax millage rates for 2000 and 1999 were 6.94 mills and 7.25 mills, respectively. Total taxes levied for the years ended December 31, 2000 and 1999 were \$1,155,961 and \$1,052,614 respectively.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

State revenue sharing monies are generally received by the Commission on the 15th day of December in the year of determination and the 15th day of April and June of the subsequent year in equal installments.

- l) Compensated Absences. The Commission employees accumulate unlimited amounts of annual and sick leave at varying rates as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

At December 31, 2000 and 1999, \$73,335 and \$66,794, respectively, have been recorded as a long-term liability which represents that portion of estimated absence which will be taken or reimbursed after the balance sheet date.

- m) Fund Equity. Contributed capital is recorded for capital grants and donated assets. Reserves of retained earnings represent those portions of retained earnings legally segregated for a specific future use.
- n) Cash Flows Statement. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

2) Cash and Cash Equivalents

Under state law, the Commission's deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

The following chart presents bank balances as of December 31, 2000 and 1999. The deposits are listed in terms of risk involved. Category 1 represents those deposits insured (inclusive of FDIC) or collateralized with securities held by the Commission or its agent in the Commission's name. Category 2 represents deposits collateralized with securities held by pledging financial institution's trust department or agent in the Commission's name. Category 3 represents deposits uncollateralized including any securities held for the entity, but not in the Commission's name.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

	Bank Balances				
	Category				Carrying
	1	2	3	Total	Amount
December 31, 2000					
Cash and demand deposits	\$ 150,561	\$ -	\$ 7,637	\$ 158,198	\$ 720,238
Money market deposits	100,000	-	880,878	980,878	980,878
	<u>\$ 250,561</u>	<u>\$ -</u>	<u>\$ 888,515</u>	<u>\$ 1,139,076</u>	1,701,116
Units in Louisiana Asset Management Pool					<u>6,013,706</u>
Total cash and cash equivalents					<u>\$ 7,714,822</u>

	Bank Balances				
	Category				Carrying
	1	2	3	Total	Amount
December 31, 1999					
Cash and demand deposits	\$ 100,000	\$ -	\$ 1,490,986	\$ 1,590,986	\$ 1,957,761
Money market deposits	100,000	-	836,640	936,640	936,640
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 2,327,626</u>	<u>\$ 2,527,626</u>	2,894,401
Units in Louisiana Asset Management Pool					<u>2,788,776</u>
Total cash and cash equivalents					<u>\$ 5,683,177</u>

Cash and cash equivalents are reported on the balance sheets as follows:

	2000	1999
Cash assets:		
Cash and cash equivalents	\$ 6,733,944	\$ 4,746,537
Restricted assets:		
Cash	<u>980,878</u>	<u>936,640</u>
Total cash and cash equivalents	<u>\$ 7,714,822</u>	<u>\$ 5,683,177</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Units of the LAMP represent an undivided fractional interest in each of the securities held by the LAMP. Securities held by the LAMP include only debt securities issued, guaranteed or otherwise backed by the U.S. Treasury, the government of the United States, or an agency, enterprise or instrumentality thereof, and repurchase agreements collateralized by such securities.

3) Investments

Investments are carried at market value and include certificates of deposit and U.S. Government Agency debt securities with original maturities of three months or more. The following chart presents investments at year end categorized to give an indication of the level of risk assumed by the Commission. Category 1 includes investments that are insured or registered, or for which the securities are held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department in the name of the Commission. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or its agent but not in the name of the Commission.

December 31, 2000	Category			Carrying Value
	1	2	3	
Certificates of Deposit	\$ 100,000	\$ -	\$ 302,117	\$ 402,117
U.S. Government Agency Obligations	1,105,028	-	-	1,105,028
	<u>\$ 1,205,028</u>	<u>\$ -</u>	<u>\$ 302,117</u>	<u>\$ 1,507,145</u>
December 31, 1999	Category			Carrying Value
	1	2	3	
Certificates of Deposit	\$ 100,000	\$ -	\$ 282,992	\$ 382,992
U.S. Government Agency Obligations	1,174,608	-	-	1,174,608
	<u>\$ 1,274,608</u>	<u>\$ -</u>	<u>\$ 282,992</u>	<u>\$ 1,557,600</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

4) Property, Plant, and Equipment

A summary of changes in property, plant, and equipment for the years ended December 31, 2000 and 1999 follows:

	Balance 12/31/99	Additions	Deletions and Transfers	Balance 12/31/00
Land	\$ 1,669,279	\$ -	\$ -	\$ 1,669,279
Buildings	2,677,786	-	-	2,677,786
Port facilities and improvements	29,524,033	9,606,998	-	39,131,031
Furniture and office equipment	118,649	19,227	3,551	134,325
Vehicles, boats, and field equipment	842,098	192,387	103,815	930,670
Construction in process	2,361,621	7,584,372	9,606,998	338,995
	<u>37,193,466</u>	<u>17,402,984</u>	<u>9,714,364</u>	<u>44,882,086</u>
Less accumulated depreciation	<u>6,727,198</u>	<u>1,109,616</u>	<u>99,966</u>	<u>7,736,848</u>
Totals	<u>\$ 30,466,268</u>	<u>\$ 16,293,368</u>	<u>\$ 9,614,398</u>	<u>\$ 37,145,238</u>

	Balance 12/31/98	Additions	Deletions and Transfers	Balance 12/31/99
Land	\$ 219,209	\$ 1,450,070	\$ -	\$ 1,669,279
Buildings	1,795,238	882,548	-	2,677,786
Port facilities and improvements	20,567,936	8,956,097	-	29,524,033
Furniture and office equipment	86,423	52,934	20,708	118,649
Vehicles, boats, and field equipment	730,930	118,394	7,226	842,098
Construction in process	3,180,279	9,025,307	9,843,965	2,361,621
	<u>26,580,015</u>	<u>20,485,350</u>	<u>9,871,899</u>	<u>37,193,466</u>
Less accumulated depreciation	<u>5,836,426</u>	<u>898,801</u>	<u>8,029</u>	<u>6,727,198</u>
Totals	<u>\$ 20,743,589</u>	<u>\$ 19,586,549</u>	<u>\$ 9,863,870</u>	<u>\$ 30,466,268</u>

Depreciation expense was \$1,109,616 for the year ended December 31, 2000 and \$898,801 for the year ended December 31, 1999.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

5) Long-Term Debt

A summary of changes in bonds payable for the years ended December 31, 2000 and 1999 is as follows:

Description of Bonds payable	Payable 12/31/99	Issued	Retired	Payable 12/31/00	Year End 12/31/00 Interest Cost
Revenue Bonds:					
Series 1993	\$ 1,220,000	\$ -	\$ (205,000)	\$ 1,015,000	\$ 61,710
Series 1996	2,515,000	-	(295,000)	2,220,000	152,493
	<u>\$ 3,735,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ 3,235,000</u>	<u>\$ 214,203</u>

Description of Bonds payable	Payable 12/31/98	Issued	Retired	Payable 12/31/99	Year End 12/31/99 Interest Cost
Revenue Bonds:					
Series 1993	\$ 1,405,000	\$ -	\$ (185,000)	\$ 1,220,000	\$ 67,389
Series 1996	2,795,000	-	(280,000)	2,515,000	175,962
	<u>\$ 4,200,000</u>	<u>\$ -</u>	<u>\$ (465,000)</u>	<u>\$ 3,735,000</u>	<u>\$ 243,351</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Bonds payable at December 31, 2000 and 1999 are represented by the following issues:

	<u>2000</u>	<u>1999</u>
<u>Revenue Refunding Bonds</u>		
\$2,140,000 Revenue Refunding Bonds (Port Fourchon Development) Series 1993; due in annual principal installments of \$205,000 to \$290,000 through September 1, 2004; interest payable semi- annually at 5% until September 1, 1999, and 5.1% thereafter until maturity.	\$ 1,015,000	\$ 1,220,000
<u>Port Facility Revenue Bonds</u>		
\$3,300,000 Port Facility Revenue Bonds (Port Fourchon Development) Series 1996; due in annual principal installments of \$295,000 to \$430,000 through September 1, 2006; interest payable semi- annually at 5.85% to 6.65% until maturity.	<u>2,220,000</u>	<u>2,515,000</u>
Total bonds payable	<u><u>\$ 3,235,000</u></u>	<u><u>\$ 3,735,000</u></u>

The bonds are secured by revenues of the Commission, including ad valorem taxes.

The annual requirements to amortize all debt outstanding as of December 31, 2000 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 535,000	\$ 196,545	\$ 731,545
2002	575,000	165,385	740,385
2003	620,000	131,610	751,610
2004	670,000	95,108	765,108
2005	405,000	55,528	460,528
2006	430,000	28,595	458,595
	<u><u>\$ 3,235,000</u></u>	<u><u>\$ 672,771</u></u>	<u><u>\$ 3,907,771</u></u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

6) Leases

The Commission leases the land on which Port Fourchon Industrial Park is built from four landowners under operating leases expiring in various years through 2033. The leases are structured to have a minimum amount of base rent with additional amounts payable as contingent rentals based on sublease rentals received by the Commission.

Minimum rental payments of approximately \$116,000 and \$62,000 were included in lease expense of \$726,487 and \$586,817 for the years ended December 31, 2000 and 1999, respectively.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2000 for each of the next five years are as follows:

Year Ending December 31,	Amount
2001	\$ 119,097
2002	121,876
2003	124,710
2004	128,080
2005	124,490
Thereafter	<u>1,571,554</u>
Total minimum future rental payments	<u><u>\$ 2,189,807</u></u>

Total minimum future rental payments have not been reduced by sublease rentals to be received in the future under non-cancelable subleases.

7) Port Lease Rentals

The Commission leases sites situated on Port Fourchon to businesses operating primarily in the oil and gas and seafood industries. The number of lessees as of December 31, 2000 and 1999 were forty-nine and forty-eight, respectively. The Commission received 36% of its lease revenues from two lessees for the year ended December 31, 2000 and 34% for the year ended December 31, 1999. In general, lease contracts state that in each year of the primary term or any extended option term, rental payments to the Port shall escalate at rates varying from 2% to 5% of the rental paid in the preceding year, unless other arrangements are negotiated.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Based on existing leases at December 31, 2000, minimum lease rentals on non-cancelable leases to be received over the next five years are as follows:

Year Ending December 31,	Amount
2001	\$ 4,769,839
2002	4,090,254
2003	3,614,743
2004	2,950,104
2005	2,355,297
Total	<u>\$ 17,780,237</u>

8) Pension Plan

All full-time employees of the Greater Lafourche Port Commission must participate in the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer public employee retirement system.

Plan Description: The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and disability benefits. Five years of service credit is required to become vested for survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana State Employers' Retirement System, Post Office Box 44213 Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Funding Policy. Plan members are required to contribute a percentage of their annual covered salary and the Commission is required to contribute at an actuarially determined rate. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The Commissions' employer contribution for the LASERS is funded through annual appropriations.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

Contributions required and made to the LASERS were as follows:

<u>Fiscal year ended December 31,</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Member contribution	7.5%	7.5%	7.5%
Employer contribution	13.0%	12.3%	12.4%
Member contribution	\$ 50,441	\$ 48,996	\$ 38,975
Employer contribution	\$ 85,083	\$ 80,673	\$ 65,964

9) Deferred Revenues

Deferred revenue for the years ended December 31, 2000 and 1999 is comprised of the following:

	<u>2000</u>	<u>1999</u>
Prepaid lease rentals received	\$ 8,285,307	\$ 2,305,992
Grant revenue from FEMA not yet earned	-	1,158,598
	<u>\$ 8,285,307</u>	<u>\$ 3,464,590</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

10) Contributed Capital

Changes in contributed capital, by source, during the years ended December 31, 2000 and 1999 are presented below:

	Balance 12/31/1999	2000 Changes		Balance 12/31/2000
		Additions	Depreciation	
Department of Housing and Urban Development	\$ 18,993	\$ -	\$ 3,798	\$ 15,195
State of Louisiana	13,049,286	4,476,880	430,465	17,095,701
EDA Grant	1,972,747	-	90,106	1,882,641
Others	308,306	-	3,924	304,382
	<u>\$ 15,349,332</u>	<u>\$ 4,476,880</u>	<u>\$ 528,293</u>	<u>\$ 19,297,919</u>

	Balance 12/31/1998	1999 Changes		Balance 12/31/1999
		Additions	Depreciation	
Department of Housing and Urban Development	\$ 22,791	\$ -	\$ 3,798	\$ 18,993
State of Louisiana	8,110,243	5,277,671	338,628	13,049,286
EDA Grant	2,062,854	-	90,107	1,972,747
Others	154,272	156,977	2,943	308,306
	<u>\$ 10,350,160</u>	<u>\$ 5,434,648</u>	<u>\$ 435,476</u>	<u>\$ 15,349,332</u>

The Greater Lafourche Port Commission participates in the Louisiana Department of Transportation and Development Ports Priorities Program. Certain capital projects, as approved by the Department of Transportation are funded in part by the State and the District. The 2000 and 1999 additions to capital grants, State of Louisiana, shown above, represents the State's share of Ports Priorities Projects.

11) Reserved Retained Earnings

As of December 31, 2000 and 1999, retained earnings reserves represent amounts set aside for debt service in accordance with the bond indentures for the Series 1993 and Series 1996 bonds payable.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

12) Noncash Investing and Financing Activities

Noncash investing and financing activities included unrealized gains on investments of \$31,687 for the year ended December 31, 2000 and unrealized losses on investments of \$61,530 for the year ended December 31, 1999.

13) Construction Commitments

At December 31, 2000, the Commission had no commitments on construction and maintenance projects in progress. On March 26, 2001, the Commission entered into a construction contract for \$5,537,328 for the first phase of its Northern Expansion Project. The total projected cost of the project is approximately \$8,560,000. The Department of Transportation and Development (DOTD) and the Economic Development Association (EDA) will fund approximately 90% of the project cost. The remaining cost will be funded by the commission.

At December 31, 1999, the Commission had the following commitments on construction and maintenance projects in progress:

<u>Project description</u>	<u>Estimated total cost</u>	<u>Costs incurred to date</u>	<u>Estimated % funded by other entities</u>
E-Slip Phase III Part 2	\$ 3,809,794	\$ 770,869	80%
E-Slip Phase III Part 3	1,780,900	1,507,520	80%
LA 1 Highway Embankment	4,160,000	2,921,043	100%
Dredging of Belle Pass	1,645,402	61,261	90%
Breakwater & Jetty Repairs	1,458,196	1,412,780	90%
	<u>\$ 12,854,292</u>	<u>\$ 6,673,473</u>	

14) Risk Management

The Commission is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Commission has obtained coverage from commercial insurance companies. During 2000 and 1999, there were no claims in excess of insurance coverage.

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Notes to Financial Statements, Continued

15) Change in Reporting Format

The Commission changed its reporting format at the beginning of 1999 from governmental fund types (general, special revenue, debt service and capital projects funds) and account groups (general fixed assets and general long-term debt) to an enterprise fund. The Commission believes that this change is necessary due to the growth in leasing operations at the Port. The nature and extent of leasing operations at the Port closely resemble those of a commercial enterprise, and therefore, the reporting format, measurement focus and basis of accounting used by an enterprise fund better illustrate the financial position and results of operations of the Commission.

Changes in previously reported fund balances to convert to enterprise fund equity are as follows:

	Fund Balance Governmental Fund Types	Account Groups	Enterprise Fund Equity Contributed Capital	Retained Earnings
Balance at December 31, 1998:				
General Fund	\$ 5,539,511	\$ -	\$ -	\$ -
Special Revenue Fund	2,365	-	-	-
Debt Service Fund	842,070	-	-	-
General Fixed Assets Account Group	<u>-</u>	<u>26,580,015</u>	<u>-</u>	<u>-</u>
Balances at December 31, 1998 as previously reported	6,383,946	26,580,015	-	-
Change in reporting format at beginning of year to convert to enterprise fund accounting:				
Transfer of balances in governmental fund types to retained earnings	(6,383,946)	-	-	6,383,946
Transfer of asset cost from general fixed assets to enterprise fund	-	(26,580,015)	13,662,180	12,917,835
Record accumulated depreciation through December 31, 1998	-	-	(3,312,020)	(2,524,406)
Record bonds payable at December 31, 1998	-	-	-	(4,200,000)
Other adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,947)</u>
Net change at beginning of year to convert to enterprise fund	<u>(6,383,946)</u>	<u>(26,580,015)</u>	<u>10,350,160</u>	<u>12,431,428</u>
Balances at December 31, 1998 as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,350,160</u>	<u>\$ 12,431,428</u>

GREATER LAFOURCHE PORT COMMISSION
GALLIANO, LOUISIANA

Schedule of Per Diems Paid Board Members

Year Ended December 31, 2000 and 1999

<u>Board Member</u>	<u>2000</u>	<u>1999</u>
Dudley A. Bernard	\$ 3,150	\$ 3,600
Ervin J. Bruce	3,050	3,450
Chester J. Cheramie	3,150	1,600
Harrison J. Cheramie, Jr.	1,550	3,600
Harry Cheramie	1,650	-
Wilbert Collins	3,500	1,950
Vinton J. Crosby	-	2,850
Larry J. Griffin	3,600	3,550
Jimmy Lafont	100	-
John J. Melancon, Sr.	3,600	3,250
Rodney J. Terrebonne	3,600	3,600
Donald J. Vizier	<u>3,600</u>	<u>3,350</u>
	<u>\$ 30,550</u>	<u>\$ 30,800</u>

Supplementary Information

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Greater Lafourche Port Commission
Year ended December 31, 2000

Federal Granting Agency/Recipient State Agency/Grant Program	GRANT NUMBER	CFDA NUMBER	REVENUE REALIZED	EXPENDITURE AMOUNT
FEDERAL EMERGENCY MANAGEMENT AGENCY				
<u>Pass through payment from State Department of Military Affairs:</u>				
<u>Public Assistance Grants:</u>				
Man Made Channel Clearance	589069	83.544	\$ 1,129,663	\$ 1,129,663
Repairs to Breakwater Barges	589090	83.544	63,589	63,589
Various small projects	Various	83.544	16,810	16,810
Total - Federal Emergency Management Agency			<u>1,210,062</u>	<u>1,210,062</u>
Total program expenditures			<u>\$ 1,210,062</u>	<u>\$ 1,210,062</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greater Lafourche Port Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2000

A) SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Greater Lafourche Port Commission.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Greater Lafourche Port Commission were disclosed during an audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report Compliance with Requirement Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the Greater Lafourche Port Commission expresses an unqualified opinion.
6. No findings regarding the reporting compliance requirement relative to the major federal award program for the Greater Lafourche Port Commission are reported in Part C of this Schedule.
7. The program tested as a major program is:

FEMA Public Assistance Grant	CFDA# 83.544
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8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Greater Lafourche Port Commission was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2000

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT

None

5779 HWY 311
P. O. BOX 3695
HOUMA, LOUISIANA 70361-3695
TELEPHONE (985) 851-0883
FAX (985) 851-3014

Bergeron & Lanaux

— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MICHAEL D. BERGERON, CPA
MARK S. FELGER, CPA

CLAUDE E. BERGERON, CPA
(RETIRED)

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Greater Lafourche Port Commission
Galliano, Louisiana

We have audited the financial statements of the Greater Lafourche Port Commission as of and for the year ended December 31, 2000, and have issued our report thereon dated June 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Greater Lafourche Port Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance which we have reported to management of the Greater Lafourche Port Commission in a separate letter dated June 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no

matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

June 11, 2001

Bergeron & Lanauy

5779 HWY 311
P. O. BOX 3695
HOUMA, LOUISIANA 70361-3695
TELEPHONE (985) 851-0883
FAX (985) 851-3014

Bergeron & Lanaux

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MARK S. FELGER, CPA

CLAUDE E. BERGERON, CPA
(RETIRED)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Greater Lafourche Port Commission
Galliano, Louisiana

Compliance

We have audited the compliance of the Greater Lafourche Port Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 "Compliance Supplement" that are applicable to its major federal program for the year ended December 31, 2000. The Greater Lafourche Port Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major program is the responsibility of the Greater Lafourche Port Commission's management. Our responsibility is to express an opinion on the Greater Lafourche Port Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Lafourche Port Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Greater Lafourche Port Commission's compliance with those requirements.

In our opinion, the Greater Lafourche Port Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the Greater Lafourche Port Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Greater Lafourche Port Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Greater Lafourche Port Commission, the State of Louisiana, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties.

June 11, 2001

Bergman & Lanaufer

5779 HWY 311
P. O. BOX 3695
HOUMA, LOUISIANA 70361-3695
TELEPHONE (985) 851-0883
FAX (985) 851-3014

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(RETIRED)

MANAGEMENT LETTER

June 11, 2001

Board of Commissioners
Greater Lafourche Port Commission
Galliano, Louisiana

In planning and performing our audit of the financial statements of the Greater Lafourche Port Commission for the year ended December 31, 2000, we considered the Commission's internal control and compliance in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control or compliance. As a result of our audit, we offer the following comments for the Commission's consideration.

Retainer Contract for Legal Services

For several years, the Commission has contracted for legal services on a monthly retainer basis. Under the agreement, the commission pays a law firm \$5,000 per month for legal services. There is no requirement in the agreement for the firm to provide an accounting of the number of hours spent each month on Commission business. A question has been raised as to whether this type of agreement for legal services is permitted under Louisiana law.

Louisiana Revised Statutes Title 34, Section 1652(C)(2) gives the Commission authority to "Contract, upon such terms as it may agree upon, for legal, financial, engineering and other professional services necessary or expedient in the conduct of its affairs." The Louisiana Attorney General in Opinion No. 91-589-A stated, "We find no statute prohibiting a political subdivision from entering into such a contract but advise against the practice." Later in the same opinion, the Attorney General states, "for the flat rate contract to be lawful and not violate Art 7 Sec. 14 of the La. Const. 1974, payments should not be made prior to the work being performed, the work must actually be performed every month. For the above reasons we decline to label the contract in question as per se improper."

R.S. 34:1652 appears to give the Commission the authority to enter a monthly retainer contract for legal services and the Attorney General's opinion, while indicating a strong preference for an hourly contract, does not prohibit retainer arrangements. However, this issue has been and likely will continue to be source of controversy for the Commission.

Therefore, we recommend the Commission either consider requesting an opinion from the Attorney General regarding its contract for legal services or consider modifying its contract with its legal counsel to provide for an hourly fee arrangement.

Per Diems Paid to Commissioners

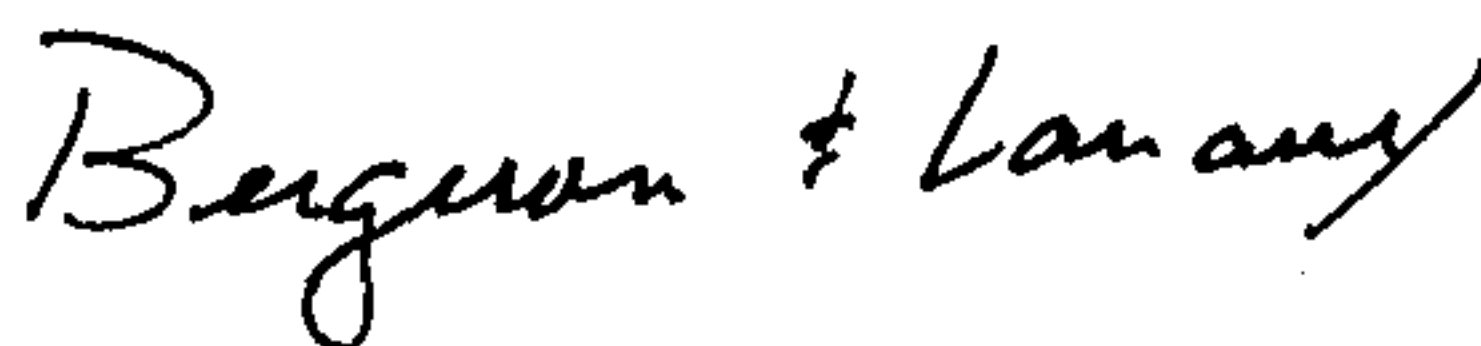
In reviewing the per diems paid to Commissioners, we noted that three Commissioners were each paid a \$50 per diem for attending a reception for a United States Representative. The event was organized as a fund raising event for the Representative. The Commissioners, along with several other local elected officials, were invited by the event's sponsor to discuss issues important to the area and Port Fourchon that may be addressed in the Congress of the United States.

R.S. 34:1651(F) grants the Commission the authority to pay a per diem to members for "each day the member spends on business of the commission authorized by the commission." Although the Commissioners motivation in attending the event may have been to discuss issues relating to the Port, the primary purpose of the event was to raise campaign funds for the Representative. Therefore we do not believe that this event falls within the meaning of the "business of the Commission" under R.S. 34:1651.

We recommend the Commission review its guidelines for the paying of per diems for events other than meetings or official business conducted at the Commission's offices. In reviewing these guidelines, the commission should consult with its legal counsel in determining what constitutes the "business of the Commission." We also recommend the Commission request reimbursement of the per diems paid for this event.

We have issued a separate report on the Commission's internal control and compliance. This letter does not affect our report dated June 11, 2001, on the general purpose financial statements. We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would like to express our appreciation for the courtesy and assistance extended to us during our audit.

Sincerely,



BERGERON & LANAUX

**GREATER LAFOURCHE PORT COMMISSION
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2000**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

There were none reported for the year ended December 31, 1999.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

There were none reported for the year ended December 31, 1999.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 1999.

**GREATER LAFOURCHE PORT COMMISSION
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2000**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENT**

No findings were reported which required a response from management.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

No findings were reported which require a response from management.

SECTION III MANAGEMENT LETTER

Retainer contract – We are currently reviewing our arrangement with our legal counsel and we intend to bring it before the board at its next meeting.

Per Diems – We will review our policy for the payment of per diems to Commissioners and we will consult with our legal counsel to insure that our policy is in full compliance with the relevant statutes. We will also communicate our policy clearly to all Commissioners. We will request a reimbursement of the per diems cited by our auditors.